



DEPARTMENT OF
FINANCE

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June 24, 2020

Captain Allen Garfinkle
Executive Director
Board of Pilot Commissioners for the Bays
of San Francisco, CA 94111

BOPC RECEIVED
6/24/2020

Dear Captain Garfinkle:

We have received your letter dated May 29, 2020 requesting approval to increase the current Operations Surcharge from 2.75 percent to 4.5 percent, effective July 1, 2020.

Section 1159.2 of the Harbors and Navigation Code requires the Board of Pilot Commissioners to review its ongoing and anticipated expenditures on a quarterly basis and to adjust the Operations Surcharge accordingly. In addition, this section requires approval of the Department of Finance for any surcharge, or change in the surcharge amount, to less than 7.5 percent of all pilotage fees charged by pilots.

We understand the Board voted to approve an increase to the Board Operations Surcharge from the current 2.75 percent to 4.5 percent, effective July 1, 2020. The increase in the surcharge will align the fund balance with the goal of maintaining a Board Operations fund balance reserve of approximately one year of expenditures. The anticipated Board Operation's fund balance at the end of 2019-20 is \$1.5 million. Expenditures in 2020-21 are anticipated to be \$1.6 million and revenues will be \$1.6 million with the surcharge amount set at 4.5 percent. We understand that shipping has been impacted by foreign trade issues and the COVID-19 pandemic. We understand the Board recognizes that the surcharge may need to be increased next year, to maintain the one-year reserve amount and will be closely monitored by the Board's fiscal committee.

Based on the information provided above, the Department of Finance approves the Board's request to increase its Operations Surcharge to 4.5 percent, effective July 1, 2020.

If you have any questions or need additional information, please contact Damien Mimnaugh, Principal Program Budget Analyst, at (916) 322-2263.

Sincerely,

ERIKA LI
Program Budget Manager

Cc: Roma Cristia-Plant, BOPC Assistant Director
Greg Brown, California Highway Patrol

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